

Exhibit A, Attachment IV
ADDITIONAL CONTRACTUAL SERVICES

The use of headings of titles throughout this exhibit is for convenience only and shall not be used to interpret or govern the meaning of any specific term, function, or activity.

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1.0 ADDITIONAL CONTRACTUAL SERVICES

1.1 OVERVIEW

Since its inception, the Medi-Cal Managed Care program has had to expand and evolve in response to legislative, regulatory, and policy changes at the federal, State, and county levels. The Health Care Options (HCO) Program must remain flexible and dynamic in order to accommodate this changing environment.

One mechanism CDHS employs to stimulate and support innovative responses to the demand for change is to require bidders to propose Additional Contractual Services (ACSs). ACSs are both State-proposed and bidder-proposed services outside of, but related to, the scope of work under this Contract (Exhibit A, Attachment II) and are designed to replace, augment, or substantially improve one or more operational areas (e.g., HCO informing materials production and mailing, customer services, transactions processing, forms processing, reporting, etc.), resulting in improved services to beneficiaries, increased operational efficiency, or both.

The Contractor shall prepare and submit to CDHS proposals for implementing four (4) mandatory ACSs. Mandatory ACSs are those that the Contractor is required to bid as a part of their Technical and Cost Proposals. In addition, the Contractor is allowed to propose and bid up to five (5) Contractor-Proposed Optional ACSs if they choose to do so.

The Contractor is required to bid the following four (4) mandatory ACSs:

REVIEW OF HCO INFORMING MATERIALS:

The Contractor shall recommend to CDHS one (1) or more measures that, if implemented, would make the HCO informing materials more likely to be read, understood, and, ultimately, used in the health care options decision process.

PRO-ACTIVE HEALTH CARE CHOICES:

The Contractor shall submit to CDHS one (1) or more measures, apart from improving the effectiveness of the HCO informing materials, which would increase the number of applicants and beneficiaries (both mandatory and voluntary aid code beneficiaries) who pro-actively choose a managed care health plan(s) from among the plans available to them. By increasing the number of pro-active choices made, these measures would decrease the auto (default) assignment percentage rate. As described in the Exhibit A, Attachment II, Section 3, Enrollment/Disenrollment Section, the Contractor shall perform default assignments after beneficiaries designated with mandatory aid codes fail to choose a managed care health plan(s) after having been in possession of the HCO informing materials for thirty (30) calendar days, as required by Title 22, Sections 53882 and 53883, of the California Code of Regulations.

WEB BASED HEALTH PLAN ENROLLMENT:

The Contractor shall propose a web-based HCO enrollment system that applicants, beneficiaries, their designated representatives, and others (such as Enrollment Service Representatives) may use to complete Choice Forms.

MEDI-CAL HEALTH PROVIDER DIRECTORY SYSTEM

The Contractor shall propose a centralized, Contractor-run Medi-Cal Health Provider Directory System that provides beneficiaries with up-to-date county specific provider directories that list the available primary care physicians within a certain radius of the beneficiary's residence, school, workplace or other preferred location.

This system would replace the current process in which the HCO informing materials packet contains plan-designed and, in many instances, plan-produced provider directories containing the full provider network for each available managed care health plan in the beneficiary's county of residence. Contractor-produced consolidated directories would provide information for all plans and providers located in each county. The personalized provider directories that would be produced under this ACS would provide beneficiaries with smaller, less daunting directories containing provider information specific to each person's preferred address. Personalized directories would cost CDHS less to print (CDHS prints provider directories for some health plans) and mail.

CONTRACTOR-PROPOSED ADDITIONAL CONTRACTUAL SERVICES

In addition to four mandatory ACSs, bidders may also propose up to five (5) optional ACSs designed to improve operations under the HCO Contract.

1.2 OBJECTIVES

The objectives of this section are to:

- A. Establish protocols that the Contractor shall adhere to in proposing ACSs, and in implementing approved ACSs; and
- B. Establish ACS reporting requirements.

1.3 ASSUMPTIONS AND CONSTRAINTS

- A. CDHS, at its sole discretion, will determine if any of the proposed ACS(s) warrant further evaluation.
- B. Approved ACSs are only those that have been proposed in the Technical Proposal and have been formally accepted by CDHS in writing, via C letter. If CDHS formally approves an ACS with requirements that are more stringent than those appearing in Exhibit A, Attachment II, Scope of Work, the requirements included in that approved ACS shall supersede all corresponding Exhibit A, Attachment II, Scope of Work requirements that are less stringent. CDHS intends to implement the ACS(s) that it accepts as a part of the successful Proposer's Technical Proposal and intends to adjust any affected contractual performance

requirements accordingly. Because CDHS may elect to not implement one (1) or more ACSs, each ACS shall be separately priced in the bid. Specific terms and conditions associated with each ACS will be addressed at the time of Contract execution under the terms of Exhibit E, Additional Provisions. State-accepted ACSs, if proposed for installation at the Assumption of Operations, shall be ready for State acceptance testing during Takeover, at a time approved in writing by CDHS. Proposers may propose a delayed implementation date in each of their ACS plans, but shall always allow a minimum of four (4) weeks for State acceptance testing.

- C. All ACSs shall be designed for implementation on or after Assumption of Operations. The Contractor shall not implement any ACS during the Takeover phase of the Contract.
- D. CDHS may implement any ACS submitted by any Proposer. The successful Proposer may be required to develop and implement one or more ACSs originally submitted by its competitors. If an ACS from the proposal of an unsuccessful Proposer is implemented, that Proposer will not be reimbursed or compensated in any manner for the use of its proposed ACS.
- E. If CDHS determines that an ACS is not cost-effective or is otherwise not performing as described, CDHS may terminate the ACS upon sixty (60) calendar days prior written notice to the Contractor.

1.4 GENERAL RESPONSIBILITIES

The Proposer shall be required to submit the items listed below in the Technical Proposal.

1.4.1 WORK PLAN

The Proposer shall submit a detailed work plan, containing a Design, Development and Implementation (DD&I) schedule, for each proposed ACS.

- A. Each work plan shall describe and display (in a Gantt, or equivalent, chart) each step in the DD&I process, including all interrelationships between steps. Work plans shall include but not be limited to:
 - 1. Planned tasks and activities.
 - 2. Staffing levels.
 - 3. Schedule of events, including milestones.
 - 4. Plans to ensure that ACSs are subject to complete quality assurance reviews and user acceptance testing.
 - 5. A graphic overview of the ACS displayed in such a way that the timeline relationship of the DD&I phases of the ACS is shown. This overview shall be prepared on a Gantt-type chart and shall include Work Breakdown Structure

(WBS) and beginning and ending dates of each DD&I phase in monthly increments. The ACS work schedule shall be subdivided as follows:

- a. Task – Major activity;
 - b. Major Subtask – Logical grouping of subtasks;
 - c. Subtask – Groups of work packages required to complete a task. Each subtask shall consist of no more than four (4) work packages and shall result in a defined deliverable;
 - d. Work package - The smallest work effort or work increment. A work package should be defined by:
 - 1) A description;
 - 2) An identifiable product;
 - 3) The skill/resource categories;
 - 4) The estimated resource units by skill/resource category; and
 - 5) Overall duration of the activity.
 - e. Clearly identified milestones and deliverables; and
 - f. Clearly identified State approval requests, which include at least ten (10) business days for State review.
- B. Each work plan shall demonstrate an understanding of the tasks to be performed and of subsequent general responsibilities; subtasks shall be sequenced and scheduled logically; and sufficient time shall be allocated for task completion.

1.5 MANDATORY ADDITIONAL CONTRACTOR SERVICES

1.5.1 REVIEW OF INFORMING MATERIALS

As managed care requirements have changed, and as additional HCO Program needs have been identified, HCO informing materials have been developed and revised to meet these changing requirements and needs. The last major revision of the HCO informing materials occurred in 2004 and 2005. These revisions brought the HCO informing materials into compliance with the regulations implementing the Balanced Budget Act of 1997 (which were approved in 2002). Since that effort, managed care requirements have continued to change. As the managed care and HCO programs undergo continued modification, the informing materials must be revised to reflect these changes.

Under this ACS, the Contractor shall perform a comprehensive review and evaluation of the effectiveness of all HCO informing materials, and shall provide

CDHS with the findings and recommendations that emerge from this review and evaluation.

This ACS shall include the following three (3) phases:

1. Phase One - Review of HCO informing materials;
2. Phase Two - Submittal of a written report of the findings, recommendation(s), price proposal, timeline(s) and work plan(s) that result from the review process; and
3. Phase Three - Implementation of the recommended change(s) CDHS approves and directs the Contractor to implement

Phase One, whose duration shall last no longer than six (6) months, shall begin when CDHS has provided written approval to start. At the conclusion of the Phase One, the Contractor shall notify CDHS that the review period is complete, and provide a brief summary of the preliminary findings reached.

At the conclusion of Phase Two, the formal findings and recommendation(s) document, which includes timeline(s) and work plan(s) for each recommendation, shall be submitted to CDHS for review. Phase Two shall be completed within one (1) month.

If CDHS provides written approval of a recommendation(s), timeline(s) and work plan(s), Phase Three shall begin according to the approved schedule, and shall proceed according to the approved time line(s) and work plan(s). It shall conclude when CDHS has formally approved all of the revisions it directed the Contractor to undertake.

1.5.1.1 GENERAL RESPONSIBILITIES

- A. No later than one (1) month after the Assumption of Operations, the Contractor shall:
 1. Provide CDHS with an update to the ACS plan originally submitted with the Technical Proposal if CDHS and/or the Contractor determines that an update is necessary. If no update is necessary, the Contractor shall notify CDHS in writing that the existing plan is sufficient. The Contractor shall ensure that its plan fully describes the scope of the proposal, including a list of all materials to be reviewed, as well as the steps necessary to implement that proposal. Before work can begin on the ACS, CDHS must formally approve the ACS plan, including timelines and work plans.
 2. Conduct a comprehensive review and evaluation of all current HCO informing materials used to educate and enroll Medi-Cal beneficiaries into managed care plans. This includes all HCO informing materials, such as letters and forms, etc., used by applicants, beneficiaries and potential enrollees. The Contractor shall review the informing materials to ensure the following requirements are met:

- a. Full compliance with all applicable State and federal statutes and regulations;
 - b. Full compliance with all applicable statutes, regulations, and policies concerning the cultural and linguistic appropriateness of the informing materials; and
 - c. The informing materials shall be effective at encouraging recipients to read the HCO informing materials, and to use the information provided to choose between the available managed care health care options.
3. Prepare and submit to CDHS at the midpoint of the Phase One work plan an interim progress report. This report shall describe the status of the informing materials review to date, and shall include a list of the HCO informing materials still to be reviewed and a list of any past- due milestones.
4. Prepare and submit to CDHS, at the end of Phase Two, a report containing:
 - a. The Contractor's findings concerning the extent to which the existing HCO informing materials meet the requirements outlined above;
 - b. The Contractor's recommendations for revising the informing materials so that they better meet those needs and requirements; and
 - c. The Contractor's price proposal, timeline(s) and work plan(s) for implementing the recommendation(s).

This report shall include the advantages and disadvantages of each recommendation. The report of findings and recommendations shall be submitted to CDHS no later than one (1) year after of the Contract Effective Date (CED).

5. In Phase Three, implement all of the recommended revisions that CDHS formally instructs the Contractor to implement.

1.5.2 PRO-ACTIVE HEALTH CARE CHOICES

Department of Public Social Services County Eligibility Workers cannot refer applicants to Contractor presentation sites for assistance with the health care options process when applicants chose to mail in their Medi-Cal application forms to the county. Historical data proves that almost all applicants who receive face-to-face presentations make a pro-active choice of a managed care health plan(s). For those applicants who do not attend a face-to-face presentation, whether they mail in their Medi-Cal application forms or they chose not to attend the presentation they were referred to, the choice rate is lower, and the default assignment rate higher.

This ACS affords the Contractor the opportunity to present innovative approaches for reaching and encouraging the population of applicants who do not attend presentations to make pro-active health plan choices. Measures that successfully

encourage applicants and beneficiaries to choose a health plan allow the HCO Program to better meet the important goal of reducing the rate of default assignments.

1.5.2.1 GENERAL RESPONSIBILITIES

- A. No later than one (1) month after the Assumption of Operations, the Contractor shall:
1. Provide CDHS with an update to the ACS plan originally submitted with the Technical Proposal if CDHS and/or the Contractor determine that an update is necessary. If no update is necessary, the Contractor shall notify CDHS in writing that the existing plan is sufficient. The Contractor shall ensure that its plan fully describes the scope of the proposal, as well as the steps necessary to implement that proposal. No work shall begin on the ACS until CDHS provides formal written approval of the ACS.
 2. Prepare and submit to CDHS a comprehensive plan for the implementation of pro-active health care choices strategies designed to effectively provide education and enrollment services to beneficiaries who do not attend Contractor presentations, and who are therefore more likely to be assigned to a managed care health plan by default. This plan shall include the advantages and disadvantages of each strategy, and a price proposal and work plan (including implementation schedule). This updated plan is due to CDHS upon written request.
 3. If CDHS elects to implement one or more of the strategies proposed by the Contractor under this ACS, it shall notify the Contractor of its intentions. The Contractor shall then refine its cost proposal and work plan, as necessary, and submit those revisions for approval. Upon receiving written approval from CDHS, the Contractor shall implement the approved pro-active health care choices strategies in keeping with the approved work plan.

1.5.3 WEB BASED HEALTH PLAN ENROLLMENT

HCO intends to take full advantage of currently available information access technologies such as the World Wide Web Internet. The HPE Web Sites (implemented as part of the base Contract) provide an alternative and improved method of secured access to information and transactional processing.

Using the HPE Web Sites, CDHS desires to implement a web-based health plan enrollment process that will allow Medi-Cal applicants, beneficiaries, and potential enrollees to review the health care options available to them, and to electronically complete Choice Forms. This web-based process shall provide CDHS with the following additional advantages:

- A. Convenient access to informing materials and Choice Forms at all times, except for State-approved scheduled downtime for maintenance.

- B. Faster enrollment processing. Toward the end of each Medi-Cal Eligibility Data System (MEDS) month of eligibility, the use of the electronic enrollment option shall allow beneficiaries to begin receiving services from their chosen health plans a month earlier than would be possible using the mail-in enrollment option.
- C. Better protection of confidential beneficiary information than is possible using the mail-in enrollment option.

1.5.3.1 ASSUMPTIONS

- A. The enrollment process shall utilize the HCO web site infrastructure implemented during Takeover;
- B. The web sites shall be accessible via standard web-browser software;
- C. The cost of the equipment, software, and peripherals for the web sites shall be submitted separately from the project bid;
- D. Minimize the possibility of any interruption in the provision of services to applicants, beneficiaries and potential enrollees during this transition; and
- E. In the project work plan, provide a minimum of six (6) weeks for State user acceptance testing of the web sites.

1.5.3.2 GENERAL RESPONSIBILITIES

- A. No later than one (1) month after the Assumption of Operations, the Contractor shall:
 - 1. Provide CDHS with an update to the ACS plan originally submitted with the Technical Proposal if CDHS and/or the Contractor determine that an update is necessary. If no update is necessary, the Contractor shall notify CDHS in writing that the existing plan is sufficient. The Contractor shall ensure that its plan fully describes the scope of the proposal, as well as the steps necessary to implement that proposal. No work shall begin on the ACS until CDHS provides formal written approval of the ACS;
 - 2. Prepare and submit to CDHS a comprehensive plan for the implementation of a web-based health plan enrollment process designed to effectively allow Medi-Cal applicants and beneficiaries to review the health care options available to them, and to electronically complete Choice Forms. This plan shall include an updated price proposal and work plan (including implementation schedule). This updated plan is due to CDHS upon written request.
 - 3. If CDHS elects to implement this ACS, it shall notify the Contractor of its intentions. The Contractor shall then refine its cost proposal and work plan, as necessary, and submit those revisions for approval. Upon receiving written approval from CDHS, the Contractor shall implement the approved

web-based health plan enrollment process in keeping with the approved work plan.

B. The ACS shall meet the following requirements:

1. Data processing and documentation requirements specified in the Contract;
2. The web based enrollment sites shall be developed and maintained with sufficient security mechanisms to achieve full compliance with federal and State statutes, regulations and policies;
3. If necessary, ensure compliance with the Electronic Data Interchange (EDI) standards specified in the regulations implementing the Health Insurance Portability and Accountability Act (HIPAA);
4. The web server shall be maintained with appropriate firewalls and other security features, including user authentication requirements and access limitations that prevent unauthorized users from gaining access. The web site shall have the following capabilities:
 - a. Provide access to blank Choice Forms and other HCO informing materials, in all threshold languages as determined by CDHS.
 - b. Allow interactive completion of electronic Choice Forms (with field sensitive help functions);
 - c. Allow electronic submission of Choice Forms;
 - d. Provide email verification of submission;
 - e. Provide the option to print the Choice Forms prior to submission; and
 - f. Provide availability to all authorized users for a minimum of twenty-two (22) hours per day, seven (7) days per week. Maximum unscheduled downtime shall not exceed one-half (0.5) hours per week. Access and availability shall not be interrupted or superseded, except with CDHS's prior approval, for any Contractor activity, including system maintenance (preventive, scheduled or otherwise) and system or program processing (scheduled or unscheduled).

1.5.4 MEDI-CAL HEALTH PLAN PROVIDER DIRECTORY SYSTEM

Some of the provider directories that are currently included in the informing packets are prepared by health plans, with the remaining directories produced by CDHS. Under this ACS, the Contractor would assume all provider directory production responsibilities.

The Contractor shall produce both consolidated directories and personalized directories. Consolidated directories provide information for all plans and providers located in each county. Personalized directories include information for plans and

providers that are available within a certain distance of a specific location determined by the applicant/beneficiary requesting the directory. The Contractor may choose to utilize the Provider Information Network (PIN) database, as detailed in the Customer Service Section of this Contract, to accomplish this requirement.

Consolidated directories must be available upon request. Beneficiaries shall be able to request consolidated directories by submitting a request via the website, contacting the Telephone Call Center or an Enrollment Service Representative, or by mailing a tear-off postcard to the Contractor, which shall be originally attached to the personalized directory.

1.5.4.1 ASSUMPTIONS

- A. The Contractor shall either subcontract the health provider directory production process, or create a new provider directory unit in the Contractor's Systems Group.
- B. One health provider directory system would be used for all medical and dental plans in all counties served by the Contractor. No customized processes would be created for individual counties or plans. Some variation in the radii used to generate directories, and in other final production details, would be permitted, however.
- C. CDHS will provide the Contractor with a full and complete scope of work, specifying data flows and formats; the radii to use for medical and dental directory generation in urban, suburban, and rural areas; directory formats; and all other scope details. The Contractor shall base its price proposal and work plan on this scope of work.

1.5.4.2 GENERAL RESPONSIBILITIES

- A. No later than one (1) month after the Assumption of Operations, the Contractor shall:
 - 1. Provide CDHS with an update to the ACS plan originally submitted with the Technical Proposal if CDHS and/or the Contractor determine that an update is necessary. If no update is necessary, the Contractor shall notify CDHS in writing that the existing plan is sufficient. The Contractor shall ensure that its plan fully describes the scope of the proposal, as well as the steps necessary to implement that proposal. No work shall begin on the ACS until CDHS provides formal written approval of the ACS;
 - 2. Prepare and submit to CDHS a comprehensive plan for the implementation of a Medi-Cal Health Provider Directory System. This plan shall include an updated price proposal and work plan (including implementation schedule). This updated plan is due to CDHS upon written request.
 - 3. If CDHS elects to implement this ACS, it shall notify the Contractor of its intentions. The Contractor shall then refine its cost proposal and work plan, as necessary, and submit those revisions for approval. Upon receiving

written approval from CDHS, the Contractor shall implement the approved Medi-Cal Health Provider Directory System keeping with the approved work plan;

4. Provide CDHS with alternative directory production options, including in-house production, and one or more subcontract options. CDHS will select the alternative that provides the best overall value (lowest cost combined with at least minimum levels of efficiency, flexibility, and scalability).
5. Work with State HCO, Medi-Cal Managed Care and Dental Managed Care staff, as well as with the medical and dental plans, to arrive at data format and submission specifications and to specify the formats and layouts for the consolidated and personalized directories.
6. Provide CDHS with written monthly progress reports during the Design, Development and Implementation (DD&I) stages of the project. These shall be due the fifth (5th) business day of the month following the month reported.
7. Provide CDHS with a monthly report on the numbers of consolidated and personalized directories produced and mailed, by county, by language, after implementation. CDHS will provide the Contractor with full report specifications.

1.6 CONTRACTOR-PROPOSED OPTIONAL ADDITIONAL CONTRACTUAL SERVICES

No later than one (1) month after the Assumption of Operations, the Contractor shall:

- A. Provide CDHS with an update to the ACS plan originally submitted with the Technical Proposal if CDHS and/or the Contractor determine that an update is necessary. If no update is necessary, the Contractor shall notify CDHS in writing that the existing plan is sufficient. The Contractor shall ensure that its plan fully describes the scope of the proposal, as well as the steps necessary to implement that proposal. No work shall begin on the ACS until CDHS provides formal written approval of the ACS.
- B. Prepare and submit to CDHS a comprehensive plan for the implementation of the Contractor-Proposed Optional ACS. This plan shall include an updated price proposal and work plan (including implementation schedule). This updated plan is due to CDHS upon written request.
- C. If CDHS elects to implement this ACS, it shall notify the Contractor of its intentions. The Contractor shall then refine its cost proposal and work plan, as necessary, and submit those revisions for approval. Upon receiving written approval from CDHS, the Contractor shall implement the approved ACS keeping with the approved work plan;
- D. Provide CDHS with written monthly progress reports during the Design, Development and Implementation (DD&I) stages of the project. These shall be due the fifth (5th) business day of the month following the month reported.

- E. Provide CDHS with a monthly report, with CDHS providing the Contractor with the full report specifications.

1.7 ADDITIONAL CONTRACTUAL SERVICES REPORTS

The Proposer shall prepare and submit for State approval a final report of findings and recommendations no more than three (3) months following implementation of each approved and implemented ACS. CDHS shall work with the Contractor in developing a format for each report. Each report shall provide, but not be limited to, a detailed evaluation, along with recommendations for continued use of and improvements to, each ACS.